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REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the review of the programme and administrative practices of the secretariat of the United Nations Conference on Trade and Development (UNCTAD).

2. The Secretary-General is confident that the newly appointed Secretary-General of UNCTAD will carry forward reforms, as necessary, in the UNCTAD secretariat, as an integral part of the ongoing process of reform and strengthening of the economic and social sectors of the Organization, and will initiate any further management actions that may be required to reflect in the UNCTAD structures and work programme new policy and programme orientations emanating from the ninth session of UNCTAD, to be held in South Africa in April 1996.

3. Staffing requirements in UNCTAD, as in all parts of the Organization, need to be carefully determined on the basis of programme demands. The process of preparing the next medium-term plan will provide the most suitable framework for assessing and putting forward any work programme and structural adjustments that may be required in the UNCTAD secretariat as a result of the Conference.

ANNEX

Review of the programme and administrative practices of the secretariat of the United Nations Conference on Trade and Development

Report of the Office of Internal Oversight Services

CONTENTS

		Paragraphs	Page
I.	BACKGROUND	1 - 5	5
II.	PROGRAMMATIC ISSUES	6 - 10	6
III.	ISSUES OF QUALITY AND COMPLEMENTARITIES	11 - 16	7
IV.	TECHNICAL COOPERATION ACTIVITIES	17 - 25	9
V.	ISSUES OF ORGANIZATION AND STAFFING	26 - 31	13
VI.	PROGRAMME SUPPORT AND MANAGEMENT SERVICES	32 - 37	15
VII.	PROGRAMME OVERSIGHT	38 - 41	16
VIII.	CONCLUSIONS AND RECOMMENDATIONS	42 - 47	18
	A. Issues of substance	42 - 45	18
	B. Issues relating to administration and organization	46 - 47	19

Appendices

I.	Observations on specific substantive divisions	22
II.	Organizational structure of the secretariat of the United Nations Conference on Trade and Development, as of March 1995	26

I. BACKGROUND

1. The United Nations Conference on Trade and Development (UNCTAD) was created in 1964 to serve as a forum where trade-related development issues could be discussed and eventually negotiated. In the early years of its existence, the emphasis of the Conference's work centred around policies for primary commodities and natural resources with a view to stabilizing their prices and expanding the export earnings of the developing countries that produced them.

2. Over the years, UNCTAD has become the main forum for North-South debates, and played a crucial role in the establishment of the generalized system of preferences (GSP), a maritime shipping code, and in setting international aid targets to help developing countries, particulary the least developed among them. However, with the drastic changes in the international economic environment during the 1970s and 1980s, resulting from the oil-price shocks, inflation and the accumulation of debt by many developing countries, the issues needing to be addressed became increasingly complex. Yet, the debates on these issues within UNCTAD during this period were to a large extent politically charged and characterized by sharp divisions over solutions and remedies. At that point in time, UNCTAD debates became sterile and the institution started to lose its relevance in the eyes of an increasing number of its constituency.

3. In spite of the above-mentioned developments, member States never gave up totally on UNCTAD. They decided to revitalize it and make it more effective in addressing development-related issues. This took place within the context of the eighth session of UNCTAD, held at Cartagena de Indias, Colombia, from 8 to 25 February 1992, at which the major issue was the role of UNCTAD itself. 1/ In the final document of the Conference, which was adopted by consensus, member States agreed on a far-reaching restructuring of the intergovernmental machinery of UNCTAD and a new approach to the substantive work of its secretariat. The main aspect of this new approach centred around the identification of domestic policies needed to promote growth and development. This was to be achieved through consensus building rather than the earlier approach that attempted to negotiate binding international agreements or resolutions. The work of the secretariat was also to emphasize comparative national experience in promoting market efficiency and diversification and to provide technical assistance to facilitate trade liberalization and enhance competitiveness and the effective participation of developing countries in the Uruguay Round of multilateral trade negotiations. The Conference also agreed that UNCTAD should provide the most appropriate focal point within the United Nations proper for the integrated treatment of development and interrelated issues in key areas, including trade, finance, investment, services and technology, in the interest of all countries, particularly the developing countries.

4. The new approach and the shift of emphasis that transpired following the eighth session of UNCTAD was taken into consideration in the restructuring of the United Nations Secretariat, resulting in the transfer to UNCTAD in 1993 of the Commission on Transnational Corporations and the Commission on Science and Technology for Development, along with their respective secretariats. Accordingly, issues relating to investment, enterprise development and national development needs became of prime concern to the work of UNCTAD and its

secretariat. Furthermore, the completion of the Uruguay Round in 1994 and the creation of the World Trade Organization as of 1 January 1995 placed additional demands in the area of policy analysis, consensus building and technical cooperation.

5. It is against this background that the Office of Internal Oversight Services fielded a team to conduct the present review, with the purpose of assessing whether the programme of work reflected the programmatic and organizational strategy of the secretariat in the new international context following the Cartagena Conference. The second purpose of the review was to determine whether the UNCTAD secretariat has set in place mechanisms to ensure the efficient implementation of the work programme and the effective management of the resources appropriated to it. In conducting its work, the team undertook extensive interviews with staff at various levels of responsibility, in particular with those engaged in programme management and control of resources. The team also examined a substantial amount of documentation and studies emanating from the various divisions within the context of the programme budget for the biennium 1994-1995. The findings and conclusions of the team's review are set out in the following paragraphs. They are followed by a set of recommendations to be acted upon by the UNCTAD secretariat.

II. PROGRAMMATIC ISSUES

6. The team devoted a good part of its review to the UNCTAD programme and the way in which the secretariat has been organizing its work and utilizing the resources appropriated to it. In this regard, the team noted that, following the eighth session of UNCTAD and the transfer to UNCTAD of the programmes on transnational corporations and on science and technology for development, the medium-term plan for the period 1992-1997 was revised to reflect the Cartagena commitments. Accordingly, the number of programmes and subprogrammes increased from 3 programmes and 15 subprogrammes during the biennium 1992-1993 to 5 programmes and 21 subprogrammes in the 1996-1997 biennium, of which more than half (13) were designated "high priority". At the same time, the programme budget for 1994-1995 was also substantially modified to accommodate the transfer to UNCTAD of the programmes on transnational corporations and on science and technology for development. The resources of UNCTAD were increased, although significant economies were realized in the process of transfer. Thus, the number of posts has increased from 437 regular budget and extrabudgetary posts in 1992-1993 (242 in the Professional category and above and 195 in the General Service category) to 479 posts in 1994-1995 (267 in the Professional category and above, 208 in the General Service category and 4 in other categories).

7. The new subprogrammes were presented in an add-on manner. Little or no effort was made to recast the entire programme into a new orientation that would capture the spirit of Cartagena, focusing on new priorities and articulating the role of UNCTAD within the United Nations system and within world-wide organizations concerned with trade and development.

8. In the above circumstances, it was not surprising to note that the programme budget for the biennium 1994-1995 and the proposed programme budget for the biennium 1996-1997 did not reflect any tangible realignment of the

programmes for adjustments to new priorities in order to respond to the challenges of the post-Cartagena period. In this connection, the team noted that the UNCTAD secretariat had initiated the redeployment of a number of posts between programmes. With few exceptions, such redeployments did not appear to respond to quality improvement or to strengthening substantive areas.

9. With the medium-term plan for the period 1992-1997 coming to a close, it is the medium-term plan for the period 1998-2001 that will provide an opportunity to articulate the new vision of the Organization. The final shape of this vision will be based on the outcome of the ninth session of UNCTAD, to be held in April 1996, which is expected to further reorient the Organization in accordance with the new priorities established during the eighth session. The secretariat of UNCTAD should seize this opportunity to define its own role and provide the Conference with its strategy and selected priorities for the years to come.

10. It is expected that the ninth session of UNCTAD and the new medium-term plan will make it necessary to revise the programme budget for the biennium 1996-1997. The revision should translate the new orientation of the UNCTAD programme into a new set of priorities and a corresponding reallocation of resources.

III. ISSUES OF QUALITY AND COMPLEMENTARITIES

11. Overall, the team was impressed with the quality of the work of UNCTAD. Every division provided examples of high-quality research in their respective areas of specialization. While there is a considerable amount of good work being done, it has not been integrated in a manner that takes full advantage of existing complementarities, and the divisions tend to work independently from one another, which increases the risk of conflicting policy recommendations. Further observations on specific divisions are given in appendix I to the present report.

12. In this connection, the team has identified the following areas of overlap and complementarity that lend themselves to be integrated under a more appropriate programmatic structure. Work on commodities, for instance, is split between the Commodities Division and the Data Management Service, which produces most of the commodities statistics. There is also overlap between the Commodities Division and the International Trade Division. Both are concerned with the linkages between trade policy and development, trade and the environment and the improvement of export market opportunities for developing countries.

13. As for the work being done in the Division for Economic Cooperation among Developing Countries and Special Programmes, it overlaps with most other divisions of UNCTAD. Papers on South-South trade could probably just as easily be done by the International Trade Division. Likewise, money, financial and investment issues could be handled by the Global Interdependence Division. The Special Economic Unit for Palestinian People stands on its own, but its work probably could justifiably be transferred to the Division for Transnational Corporations and Investment, where main issues of concern to the newly

established Palestinian Authority could be better addressed. Similarly, work on poverty alleviation could be placed somewhere else in UNCTAD, the most likely division being the Global Interdependence Division.

14. The team also observed that foreign direct investment (FDI) is dealt with in the Global Interdependence Division and in the Division for Transnational Corporations and Investment. The treatment of finance is also found in several divisions. A more integrated approach is needed when dealing with these topics.

15. From the point of view of duplication with other organizations, almost everything that UNCTAD does is done somewhere else in the United Nations system. That is not to say it is done in exactly the same way, or at the same quality level as that of UNCTAD, but one could make a case for duplication. For example, research on developing country trade and development problems is carried out in the regional commissions and at United Nations Headquarters. Similar research is also being done by other major international organizations outside the United Nations Secretariat such as the Food and Agriculture Organization of the United Nations (FAO) and the World Bank. In this connection, the team noted that issues relating to investment and technology transfer, which are dealt with at UNCTAD, are also part of the main priorities of the United Nations Industrial Development Organization (UNIDO). Similarly, the work on shipping and marine management under the Services Development and Trade Efficiency Division falls within the area of interest of the International Maritime Organization. Accordingly, it is important that UNCTAD integrate its work with other parts of the United Nations system to a greater degree than it has in the past. This is particularly relevant in the case of the regional commissions, where the interrelated issues of trade, development, investment and technology lie at the heart of the development problems of the various regions. UNCTAD is well placed to provide impetus and direction by developing concepts and methods of analysis that the regional commissions could follow when tackling these issues. It could also act as focal point, synthesizing the regional experiences and facilitating the exchange of such experiences among the regions.

16. The question of duplication with the World Trade Organization was of particular interest to the team. The issue was systematically raised with the various programme managers interviewed. It was also the subject of informal discussions with officials of the World Trade Organization. On the basis of these discussions, the team is of the opinion that the establishment of the World Trade Organization can be of particular significance to the work of UNCTAD because of the need to research and analyze many of the emerging trade and development issues and build consensus around them before they reach the stage of binding negotiations. The team is of the view that the division of labour between the two organizations should be spelt out in a manner that takes fully into account the existing complementarities between them and their respective comparative advantages.

IV. TECHNICAL COOPERATION ACTIVITIES

17. During the biennium 1994-1995, the extrabudgetary resources of UNCTAD are estimated at $43.8 million, or 28 per cent of the total resources available to UNCTAD. Of this amount, $38.5 million is earmarked for operational projects, $200,000 for substantive activities and $5.1 million for programme support. Of the $38.5 million for operational projects, $15.2 million is provided by the United Nations Development Programme (UNDP) and $23.3 million from various trust funds. Extrabudgetary resources are expected to decline somewhat during the biennium 1996-1997, to $43.2 million, with $38.2 million for operational projects, no resources for substantive activities and $5.0 million for programme support. The bulk of extrabudgetary resources are directed to projects in the areas of trade efficiency such as the Automated System for Customs Data (ASYCUDA) and Debt Management and Financial Analysis System (DMFAS) as well as the Advanced Cargo Information System (ACIS).

18. The trust funds are becoming a dominant component of operational financing. They have gradually grown to take over the prevailing share of UNDP contributions, which - together with the United Nations regular budget - have provided a stable resource foundation for technical cooperation activities for a quarter of century. While they have been increasing their share in funding technical cooperation, they have also been reducing the flexibility furnished by UNDP contributions, thus, influencing the overall allocation of resources among the various programmes and subprogrammes.

19. If allocation of resources is to be used as an indicator of the relative priorities assigned to a particular programme or subprogramme, the figures in the table show that, by their voluntary contributions to operational activities, donors have followed a reverse order of priorities in the distribution of regular budget resources among the various programmes.

20. During the review, two distinct observations were made. First, there is a lack of integration between the regular programme of work and the major programmes funded from extrabudgetary resources, with the latter being maintained in a self-contained fashion. This also includes a lack of interface between the various divisions of UNCTAD in the implementation of extrabudgetary activities. Secondly, regular budget resources have been used for the implementation of a number of small extrabudgetary activities, resulting from the dual responsibility of staff members for operational work and regular work. The argument of cross-fertilization with operational and regular work is appreciated and it is acknowledged that in some specific cases it is difficult to distinguish between both activities. Nevertheless, an attempt should be made to ensure that regular budget resources are fully utilized for activities mandated under the regular budget. UNCTAD might wish to reconsider the current arrangement of dual responsibility and introduce an organizational distinction between both areas of work.

Percentage of expenditure of regular budget (RBEXP) and technical cooperation (TCEXP) in 1994 by programme and subprogramme

Programme/subprogramme	RBEXP %	TCEXP %	Number of projects
1. Trade and development			
International competition and trade policies	3.9	4.3	15
Commodities	12.4	2.8	12
Development finance and debt	4.7	10.5	25
Poverty alleviation	1.3	-	2
Economic cooperation among developing countries	5.4	1.5	10
Global interdependence	5.1	1.2	6
Enlarged economic spaces ... a/	1.8	-	-
Privatization, entrepreneurship and competitiveness	1.8	-	1
Domestic reforms and resource mobilization	2.5	-	1
Data management	9.7	0.4	5
	48.6	20.7	77
2. Trade expansion ... b/			
Structural adjustment ... c/	3.1	7.3	22
Export capacity	2.1	1.4	1
Trade efficiency	4.1	29.0	84
Services development	1.9	1.2	5
Shipping, ports and multimodal transport	7.6	15.3	42
Insurance	1.4	0.4	5
	20.2	54.6	159
3. Least developed, land-locked and island developing countries, and special programmes			
Least developed countries	7.6	0.6	8
Land-locked and island developing countries	3.1	2.1	5
	10.7	2.7	13

Programme/subprogramme	RBEXP %	TCEXP %	Number of projects
4. Science and technology for sustainable development			
Science and technology	2.8	1.4	10
Investment and technology	4.4	-	-
	7.2	1.4	10
5. Transnational corporations			
Transnational corporations	13.3	7.0	22
Human resources development Computerized training programme	d/	13.6	23
Grand total	100	100	304

a/ Enlarged economic spaces, regional integration processes and systemic issues of international trade.

b/ Trade expansion, export promotion and service sector development.

c/ Structural adjustment and trading opportunities.

d/ Financing for this programme, elements of which were prepared by staff of various subprogrammes, is provided (1) partly by the regular budget staff costs, and (2) by the operational trust funds. It is shown separately because it is managed by the Technical Cooperation Unit.

21. Some of the major extrabudgetary activities launched recently appear to duplicate the work of others. It is understood that the Cartagena mandate provided a large and general umbrella under which the current technical cooperation programme and the future one can be related. However, elaborating the general mandate of UNCTAD in the context of mandates provided to partner organizations, it appears that UNCTAD has moved into territory previously left to others. Although it is acknowledged that some of these activities are very successful, the programmes on trade efficiency and the global trade point network are seen to overlap with the mandate of the International Trade Centre UNCTAD/GATT (ITC). The current efforts towards the establishment of joint projects between both organizations can be a step towards avoiding duplication. However, the establishment of a clear and undisputed mandate for UNCTAD in these new areas might only be possible through corresponding programmatic adjustments at ITC.

22. The lack of integration between regular budget activities and extrabudgetary programmes and the tendency to duplicate the activities of others

is basically attributed to the absence of a technical cooperation policy, which includes the strategy and the priorities of the UNCTAD secretariat. The problem is compounded by insufficient intergovernmental and managerial control of extrabudgetary resources. Intergovernmental review remains weak with post-facto information being provided by the secretariat of UNCTAD. Furthermore, as things stand now, decision-making for mobilization and utilization of extrabudgetary resources is centred at the division or even the branch level, and the bulk of extrabudgetary activities are driven by opportunities for financing not by policy. The Technical Cooperation Policy and Coordination Unit is rather small and mainly involved in liaison with UNDP to solicit resources and advise individual project managers on technical aspects of project presentation. There is no central authority at the senior level for policy formulation and coordination of extrabudgetary activities. In order to provide for such a central authority, UNCTAD should consider the establishment of a review committee for extrabudgetary activities, composed of directors of divisions, to approve the policy on extrabudgetary resources and implementation of individual projects funded from such resources. This committee could be serviced by the existing Technical Cooperation Policy and Coordination Unit.

23. Shortcomings have been identified in the areas of programme support of technical cooperation activities and the classification of project activities. The team noted that overhead resources are not utilized in an equitable and transparent manner. Programme support resources should be utilized for the substantive and administrative backstopping of projects by taking into account the specific needs of individual projects as outlined in administrative instruction ST/AI/286. This understanding is not reflected in the preparation and approval of the programme support budget of UNCTAD. Decisions on programme support are taken by the Division for Programme Support and Management Services, without adequate transparency and the involvement of senior programme managers. In addition, the programme support account is currently running at a deficit, with income estimates of US$ 2.8 million as compared to expenditure estimates of $4.3 million for the biennium 1994-1995. Staffing arrangements include a number of permanent staff on programme support, which limits the flexibility to adjust programme support expenditure to fluctuations in programme support income. Effective controls could be established by ensuring that a proposed programme support budget is submitted for approval to a review committee for extrabudgetary activities, as suggested above.

24. The team also noted that a non-negligible part of the technical cooperation projects executed by UNCTAD are activities in support of substantive programmes. The administration of both activities are quite different, involving a higher degree of delegated authority to the implementing office in the case of operational projects, that is, full control over the establishment of and recruitment for 200-series posts in the case of operational projects, as against the 100-series posts for activities in support of substantive programmes, which would involve review and approval by United Nations Headquarters. The team is of the opinion that UNCTAD has classified all activities funded from extrabudgetary sources as operational projects in order to secure the flexibility associated with the establishment of 200-series posts. The team believes that, for the sake of transparency and proper management of resources, UNCTAD should comply with the appropriate classification of extrabudgetary activities.

25. As for the administrative support services for technical cooperation projects, the team's findings suggest that they are not operating effectively, causing delays in implementation. The main reason for the delay is attributed to the lack of transparency in providing project officers with relevant financial information on a timely basis, which would permit better planning of project operations, especially, the recruitment and procurement aspects. In this regard, the team noted that information that project officers need to have access to on a regular basis is made available at monthly intervals in the form of a poorly designed project data sheet, which offers redundant descriptive information and only fragmentary financial data. The team also noted that, while most project formats follow the UNDP project manual, there is only one copy of the manual in the UNCTAD secretariat.

V. ISSUES OF ORGANIZATION AND STAFFING

26. The latest structure of the UNCTAD secretariat was approved in February 1994 by its former Secretary-General. It was the result of organizational realignment following the transfer to UNCTAD of the programmes on transnational corporations and on science and technology for development, under the conditions determined by the General Assembly in its resolutions 47/212 B of 6 May 1993 and 48/228 of 23 December 1993. A further criteria for the realignment was the structure of the subprogrammes assigned to UNCTAD for execution, and the resource base (especially at the senior management level) of the UNCTAD secretariat, as indicated in the programme budget for the biennium 1994-1995 approved by the General Assembly. The new structure has not been elaborated in detail through the means of an organizational manual. Furthermore, the terms of reference of the sections and units under the various divisions are not articulated. A presentation of the organizational structure is shown in appendix II.

27. The organizational structure of UNCTAD includes nine divisions. Each of the nine divisions incorporates an approximate average of 28 posts in the Professional category and above. Contrary to United Nations practice, the offices of heads of divisions are often large and top heavy. In one case, the director of a division is assisted by two staff members at the D-1 level and two at the P-5 level; in other cases, the officers-in-charge of divisions are assisted by one or two staff members at the P-5 and P-4 levels. With regard to the proposed post structure of UNCTAD for the biennium 1996-1997, it is noted that of the 267 posts in the professional category and above, 8 are at the D-2 level, 28 at D-1 and 60 at P-5. The proposed post structure includes more P-5 than P-4 posts and is considered top heavy. Furthermore, the number of staff in the General Service and other categories (205) appears disproportionately high in comparison to the number of Professionals.

28. Divisions are organized as a mirror of the intergovernmental machinery which has led to compartmentalization, with individual divisions maintaining a quasi-independent status. The current structure is not aligned to the programmes and includes sectoral divisions in parallel to cross-sectoral divisions. Accordingly, the responsibility for implementing some of the subprogrammes is spread over more than one division or branch. As a result, accountability is blurred and activities under similar topics are not

sufficiently integrated. This situation is further aggravated by the lack of clarity regarding the internal structure of each division. As shown in appendix II, each division consists of several components. Most of these components are not clearly identified in terms of their functions or in terms of their relationship with one other. In fact, in most instances, it is not clear whether they are services, branches, sections or units. Accordingly, some of these components have assumed de facto autonomy and therefore have "self-determined" authority within the division under which they are clustered.

29. It should be noted that the current organizational structure of UNCTAD does not facilitate policy cohesion. The work of the various organizational entities does not appear to be mutually supportive. This is further aggravated by the limited effectiveness of the programme oversight and coordination functions within the secretariat, as discussed in section III of the present report. The lack of policy cohesion is apparent when comparing policy recommendations embodied in UNCTAD flagship publications, namely, the Trade and Development Report, the World Investment Report and The Least Developed Countries Report. Lack of policy cohesion is also highlighted by the absence of a comprehensive policy document submitted by the UNCTAD secretariat to the Trade and Development Board for consideration, which provides for an integrated treatment of issues in the areas of trade, commodities, finance, investment, technology and services.

30. A related issue to the organizational structure is that of the Joint Units that UNCTAD maintains with the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Latin America and the Caribbean, the Economic Commission for Africa and the Economic and Social Commission for Western Asia. These Units are supposed to serve as focal points for the activities of UNCTAD relating to transnational corporations, especially in the fields of research, information and liaison with the Governments of the region. The findings of the team suggest that UNCTAD has no budgetary control over the resources of these Units and very limited programme oversight. As a result, these Units have become, de facto, part of the regional commissions, with little or no direction from UNCTAD, although the resources form part of the UNCTAD programme budget. New agreements should be reached between UNCTAD and the regional commissions to ensure joint accountability for the work programme and the utilization of resources of the Joint Units. In the opinion of the team, the full integration of these Units into the mainstream of activities and priorities of UNCTAD, through a system of joint programming and joint execution, is overdue in order to justify the continuation of these Units and the resources appropriated to them.

31. As to the question of staffing, the team noted that a large number of UNCTAD staff are considered highly motivated, competent and productive. However, there are also a number of staff at senior levels, who do not appear to provide tangible services or to possess the skills required for the new orientation of the programme of work of UNCTAD. There are essentially two reasons for this observation. First, the previous programmatic orientation of the Organization had resulted in a politicization of UNCTAD, with senior appointments not always made on the basis of technical expertise. Secondly, the shift in the programme of UNCTAD, especially after the Cartagena Conference has been translated into a mechanical reorganization of the secretariat and the redeployment of staff, who did not always possess appropriate capabilities for

the new area of work. Non-performing staff members are often accommodated in separate units (for example, in the Division for Economic Cooperation among Developing Countries and Special Programmes) or through enlargement of the office of the head of division, as already noted above. In this connection, the team noted that most divisions appeared to be overstaffed at the Professional level and, in particular, at the General Service level. This observation seems to be confirmed by the disproportionate number of work-months reported utilized in the implementation of a number of outputs reviewed by the team.

VI. PROGRAMME SUPPORT AND MANAGEMENT SERVICES

32. The Division for Programme Support and Management Services includes the following diverse entities: (a) Programme Coordination and Evaluation; (b) Technical Cooperation, Policy and Coordination; (c) Administration Service including Personnel, Budget and General Services; (d) Conference Affairs and Liaison; (e) Board Secretariat; and (f) Data Management.

33. The functions of the above entities appear to have little in common. The team could not find the rationale behind grouping such diverse functions nor could it escape the conclusion that most of these entities have been clustered for administrative convenience. As such, they neither help nor disturb one another. Furthermore, the team did not find strong evidence to suggest that these units receive regular guidance or direction from the Director for Programme Support and Management Services to ensure that they are fully functional through the present clustering. On the contrary, as shown in paragraphs 39 and 41 below, some of the units have been dysfunctional.

34. In the team's view, the policy functions of the Programme Coordination and Evaluation Unit and the Technical Cooperation, Policy and Coordination Unit, are more closely associated with Executive Direction and Management and should be relocated accordingly. Similarly, the Board Secretariat and Liaison, which currently report directly to the Secretary-General of UNCTAD on substantive matters should be relocated. The team noted that Data Management includes the servicing of the electronic data-processing infrastructure, as well as responsibilities for substantive outputs and statistical services for the substantive divisions. Moreover, some substantive divisions include additional statistical services that appear to work independently from the Data Management entity. Accordingly, the team is of the opinion that this area should be rationalized by allocating statistical services and outputs to the substantive divisions, as far as possible.

35. The authority and influence of the Division for Programme Support and Management Services is fully apparent when it comes to the administration of Personnel, Budget and General Services, including the Operations Unit, for extrabudgetary resources. In a series of interviews conducted in 1993 and 1994 by a consultant at the request of UNCTAD management, the staff interviewed characterized the management style in administering these services as being authority-oriented rather than solution-oriented, uncaring and uncooperative, in tight control of information, inflexible in the interpretation of rules and having a decision-making process based on informal contacts that is not clear to all, with resort to ad hoc solutions. The team did not find any indication of

action taken by management to address the many issues raised by the consultant. In fact, the team's findings suggest that the style described above is a prevailing reality and is coupled by glaring inefficiency.

36. From the resources point of view, the Administration Service, consisting of Personnel, Budget and Operations, includes eight posts at the Professional level, one post at the L-2 level and 28 posts at the General Service level. In comparison to the responsibility these services are assuming, the total number of UNCTAD staff and the volume of regular and extrabudgetary resources, the Administration Service of UNCTAD appears to be top heavy and overstaffed. In the course of the interviews, complaints about the timeliness and quality of administrative services were voiced by substantive divisions to the members of the team. The lack of control and transparency is particularly evident in the rather liberal utilization of overhead posts, the redeployment of staff, the filling of posts, and the absence of P.5 action forms and up-to-date job descriptions for a large number of the staff on board. It was noted that Administration was reactive rather than proactive, seldom utilized essential management practices, such as benchmarks for major administrative services providing clear indications of the time for processing administrative actions, and lacked written instructions or manuals on internal administrative procedure. The lack of accountability of the Administrative Service was noted by most staff and programme managers interviewed. Accordingly, the team is of the opinion that the administrative operation of UNCTAD should be streamlined. Furthermore, to enhance the efficiency of these services and the accountability of staff providing them, UNCTAD should consider the establishment of a benchmark system for administrative services - based on best practices - which provides time and quality targets for the delivery of administrative services. Monitoring actual delivery against such a benchmark system would facilitate the identification of problems and determine the corrective action needed.

37. In this connection, the team noted that administrative arrangements for United Nations organizations at Geneva are currently under revision. As of 1 May 1995, authority has been delegated from the Office of Human Resources Management to the United Nations Office at Geneva in the area of personnel. Further delegations of authority to Geneva are being proposed for budget and finance matters. The arrangements remain to be implemented and are expected to lead to a simplification, with more administrative decisions being taken locally. In the opinion of the team, the implementation of the new arrangement provides an opportunity to re-examine the overall relationship between UNCTAD and the United Nations Office at Geneva to improve the administration of UNCTAD activities. For example, the United Nations Office at Geneva, not UNCTAD, should be responsible for the recruitment of staff for 200-series posts that do not belong to UNCTAD. The team was surprised to learn that 200-series contracts relating to human rights are issued by the Administration of UNCTAD.

VII. PROGRAMME OVERSIGHT

38. The existing mechanisms for programme oversight at the levels of formulation, implementation, coordination and assessment of programmes show signs of weakness and dispersal. Thus, there are three different centres of responsibility for programme oversight within UNCTAD, namely, the Programme

Coordination and Evaluation Unit, the Technical Cooperation, Policy and Coordination Unit and the Policy Coordination and External Relations Service. The first two entities are attached to the Division for Programme Support and Management Services. The third falls under the Office of the Secretary-General of UNCTAD and reports directly to him. A brief description of the functions of these entities is presented below:

(a) The Programme Coordination and Evaluation Unit is responsible for developing and operating the Internal Evaluation System. In carrying out this function, the Unit reports directly to the Secretary-General of UNCTAD. The Unit is also responsible for the preparation of the medium-term plan and the programme budget, including the development and operation of a system for monitoring implementation. On all such programme matters, the Unit reports to the Director of the Division for Programme Support and Management Services;

(b) The Technical Cooperation, Policy and Coordination Unit is entrusted with developing and implementing an UNCTAD-wide policy of technical cooperation, including its interface with research and policy analysis, ensuring the coordination of technical cooperation activities and of funding arrangements, promotion of an integrated approach to technical cooperation, programme development, mobilization of resources and monitoring project implementation;

(c) The functions of the Policy Coordination and External Relations Service include coordination, substantive clearance of all documentation prepared for submission to intergovernmental bodies, developing and implementing a publication programme, and substantive communications and dialogue with external entities.

39. The review of the activities undertaken by the Programme Coordination and Evaluation Unit suggest that the Unit has not been, and is not capable of, discharging the responsibilities entrusted to it. The Unit's work on the subprogrammes scheduled for self-evaluation over the past three years is hardly demonstrable. As for its responsibilities in programmatic coordination within UNCTAD, it is non-existent. In this respect, the team noted that the involvement of the Unit in the 1996-1997 exercise was at best marginal. The coordination of the exercise was assigned to the Chief of Administration Service. The team could not obtain any clarification regarding the mechanism through which the programmatic content of the proposed programme budget was coordinated. The only area in which the involvement of the Unit was tangible relates to the monitoring of programme implementation. While the efforts made towards improving the content and reliability of the exercise are commendable, much remains to be done before it becomes a useful management tool.

40. With respect to the Policy Coordination and External Relations Service, the team had difficulty understanding the rationale for grouping under one Service activities of a programmatic nature along with others dealing with press information and liaison. In the opinion of the team, coordination and external relations on matters relating to programmes fall within the responsibility and terms of reference of the Programme Coordination and Evaluation Unit. As for coordination with member States and legislative bodies, the Office of the Secretary of the Board is the appropriate entity to assume such responsibility. The team also noted the existence of a small unit within the Service, headed by

an official at the P-4 level and entrusted with the responsibility of clearing, from the policy and substantive points of view, all documents emanating from the secretariat. The team is of the opinion that such responsibility rests with directors of divisions, who are senior officials at the D-2 level. A review of a sample of documents revealed that the contribution of the unit to the quality of the documentation through the clearance process was far from being cost-effective and, in some instances, was quite presumptuous. The team wishes to note that most of the programme managers interviewed expressed serious doubt about the usefulness of the clearance process as it stands.

41. The team examined the work of the Technical Cooperation, Policy and Coordination Unit against the background of the communications issued at various points in time defining the duties of the Unit. The team did not find any documentation indicating that the Unit is actively engaged in promoting an integrated approach to the entire technical cooperation activities of UNCTAD or in monitoring the implementation of those activities. On the other hand, the role of the Unit in mobilizing resources has been quite modest as compared to the substantial amount of funding raised through the initiative of individual project managers. It would seem that the Unit represents an unusual operational entity, difficult to define. Though the backbone of its actual functions - essentially an operational offshot of the executive direction - does pertain to technical cooperation, it is in charge of a substantive programme, namely, the cross-sectoral training programme "Trainfortrade", having the third largest share in overall operational expenditures, and it holds a joint oversight function with the Administration Service on operations (the project-financed administrative support). The team could not escape the conclusion that the impact of the Unit in shaping and coordinating policies of technical cooperation or in overseeing implementation has been minimal. The team believes that the oversight function in the area of technical cooperation is particularly important in the situation of UNCTAD, where the responsibilities for the development and management of technical cooperation projects, including the preparation of project work plans and the provision of substantive backstopping, rest with the respective divisions of the secretariat. Hence, there is a need to strengthen the function of policy direction and promote the better integration of technical cooperation activities in the overall work programme.

VIII. CONCLUSIONS AND RECOMMENDATIONS

A. Issues of substance

42. The UNCTAD secretariat could restore its role as a champion of development and a think tank for developing countries, only if it is capable of looking to the future rather than at the past. This role, which should be articulated in terms of programmatic and organizational changes, needs to be fully embraced by senior management at all levels. The secretariat should be ready to present these changes to the ninth session in the form of a comprehensive strategy for the years to come, and a selective set of priority areas of emphasis.

43. The programme of work should be given a fresh look with a view to shifting emphasis from those activities that have ceased to attract significant interest from member countries to those that have attracted a high level of interest.

For that purpose, the continuation of previous activities would need to be critically examined in the light of new mandates. The launching of new activities should not result in a duplication of the work of other organizations of the United Nations system. Rather, within the new and general mandate of UNCTAD, the secretariat should focus on those areas in which its competence and comparative advantage are undisputed, namely, research and policy analysis of emerging issues, in order to inject a development dimension at an early stage in the international debates on those issues.

44. The programming and budgeting process should be used more effectively than has been the case up to the present time. Financial constraints require strict selectivity of issues to be covered, and a greater integration of the work programme into fewer mutually supporting activities. It also requires addressing, at the programme formulation stage, issues of overlap and complementarity with other organizations. Even if similar mandates have at times given rise to some overlapping of work, this should not prevent UNCTAD from exploring the possibility of a more effective division of labour among the various organizations. A first step in this direction could be a systematic coordination and joint undertaking of activities, with one organization taking the lead.

45. A related issue is that concerning technical cooperation activities. The findings in section IV of the present report suggest that UNCTAD should endeavour to integrate its regular programme activities with those financed from extrabudgetary sources within the context of a clear technical cooperation policy. The findings also suggest that the bulk of extrabudgetary resources are used for funding few successful operational projects. Therefore, it is recommended that greater emphasis be given to mobilizing resources towards advisory services in the areas of policy adjustments and institutional development. The secretariat should also take immediate action to address the problems identified in paragraphs 23 to 25 above relating to the use of overhead resources and to administrative support to technical cooperation activities.

B. Issues relating to administration and organization

46. The findings suggest that the UNCTAD secretariat is functioning in an environment that does not facilitate efficiency and effectiveness. The secretariat is overstaffed and top heavy. The organizational structure looks artificial and is not adequately aligned to the content of the programmes. The functional responsibilities of the divisions and their components are not entirely clear and organizational linkages have clouded accountability. The situation is compounded by the limited effectiveness of programme oversight and the inefficiencies at the level of administration. This last point is particularly relevant because of its impact on the discipline and the prevailing state of demoralization among the staff.

47. In the light of the above, it is recommended that UNCTAD's management take the following action:

(a) The organizational structure needs to be streamlined into fewer divisions. The streamlining should take full advantage of existing

complementarities and aim at enhancing the secretariat's ability in addressing thematic topics. The streamlining could include the following measures: (i) merging of the Commodities Division and the International Trade Division; (ii) subsuming the work on science and technology under the Division for Transnational Corporations and Investment; (iii) distribution of activities relating to economic cooperation among developing countries to various divisions; (iv) down-sizing of the Division for Programme Support and Management Services by limiting its responsibilities to administrative services and support and relocating its other components to the relevant areas under Executive Direction and Management and Secretariat of the Board; (v) dismantling the Policy Coordination and External Relations Service and redeploying its functions and resources to the front office of the Secretary-General, the Programme Coordination and Evaluation Unit, the Secretariat of the Board and the substantive divisions;

(b) UNCTAD should explore the possibility of servicing newly created subcommittees of its governing bodies within its existing structure rather than creating a new section or unit to service them;

(c) The terms of reference of divisions, branches, sections and units and the organizational links among them should be clearly spelt out;

(d) UNCTAD and the regional commissions should reach agreement on the continuation of the Joint Units with a view to ensuring joint accountability in the implementation of work programmes and the utilization of resources;

(e) Sectoral divisions should be entrusted with cross-sectoral responsibilities as far as possible to ensure policy cohesion and avoid duplication. For example, the treatment given to the question of sustainable development could be applied to other cross-divisional themes;

(f) A target of 10 per cent reduction of the Professional staff on board should be set to address the overstaffing and top-heaviness of the secretariat. This figure is a conservative one and could be attained through the streamlining referred to above and through the down-sizing of the heavily staffed front offices of the directors. It could also be attained through a genuine effort at identifying redundant functions. In the opinion of the team, such reductions would have no impact on the efficiency and effectiveness of the work of UNCTAD and its services;

(g) In this connection, special attention should be given to reducing posts at the D-2, D-1 and P-5 levels. The team believes that the secretariat could release four D-2 posts and still conduct its work efficiently;

(h) Pending the completion of the streamlining exercise, the vacancies at the D-2, D-1 and P-5 levels should not be filled;

(i) An analysis of the workload of the General Service staff throughout the secretariat should be undertaken in order to identify the degree of overstaffing in this category. In the opinion of the team, the UNCTAD secretariat could easily reduce its General Service staff by 15 to 20 per cent.

Such reduction would result in a more proportionate ratio of General Service to Professional posts;

(j) The Administration should issue up-to-date personnel action forms to all staff on board. It should also ensure that all staff members have properly classified job descriptions corresponding to their functions and responsibilities;

(k) The Programme Coordination and Evaluation Unit should be given the necessary authority and strengthened qualitatively and quantitatively to enable it to assume its functions. It should report directly to the Secretary-General of UNCTAD;

(l) The Technical Cooperation, Policy and Coordination Unit should discharge the responsibilities described in its terms of reference and provide coherence and direction to the operational activities of UNCTAD. It should not be involved in direct project execution and should report directly to the Secretary-General of UNCTAD;

(m) The Division for Programme Support and Management Services should be streamlined to include only functions relating to administrative support. The Division should be headed at the D-1 level;

(n) The question of the dual responsibility of the Director of the Division for Least Developed, Land-locked and Island Developing Countries should be addressed (see appendix I, para. 10);

(o) A benchmark system for administrative services, based on best practices, should be introduced to enable the establishment of a system of accountability for such services. Such a system should also include an appropriate procedure of feedback from substantive divisions (i.e., the customers) to evaluate the performance of these services;

(p) UNCTAD and the United Nations Office at Geneva should review administrative arrangements to arrive at a rational distribution of responsibility;

(q) Finally, the management of UNCTAD should take measures to improve horizontal communication among the staff at various levels of responsibility. It should also provide training in management and supervision, as well as in the substantive fields, to upgrade the professional skills of the staff on board.

Notes

1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5).

APPENDIX I

Observations on specific substantive divisions

A. Commodities Division

1. Work on commodities is split between the Commodities Division and the Data Management Service Branch, which produces most of the commodity statistics. Commodity statistics are produced by the Data Management Service Branch from commodity trade data compiled by the Statistical Division of the United Nations (COMTRADE), the Commodities and International Trade Divisions, the International Monetary Fund, the Food and Agriculture Organization of the United Nations, the Organization of Petroleum Exporting Countries and other international organizations. There are also specialized series of publications such as the monthly Commodity Price Bulletins and the detailed metal statistics publications (i.e., tin, tungsten, iron) broken down by prices, production, consumption and trade. In general, the team found the statistical publications relatively up-to-date and presented in a useful format for analytical purposes. The reports produced by the Division generally fall into two categories, those that provide information on the current trends in particular commodity markets, such as tin, iron etc., or particular commodities in conjunction with certain regions, and those that are concerned with the general problems of commodity-exporting nations in the development process. Among the more recent analyses are the implications of sustainable development strategy for commodity-exporting nations. The reports reviewed by the team were analytical in nature and highly technical, reflecting the expertise of the staff and consultants who wrote them. They were well researched, with references to academic literature.

B. International Trade Division

2. In some ways, there is overlap between the Commodities Division and the International Trade Division. Both are concerned with the linkages between trade policy and development, trade and the environment and the improvement of export market opportunities for the developing countries. The distinction is only in the goods that are being traded, for example, the International Trade Division reports on trade in agriculture, in general, while the Commodities Division tends to report on specific agricultural commodities. In addition, the team noticed a difference in the emphasis in the papers of the two Divisions. The Commodities Division papers, as mentioned above, tend to be highly technical and strongly analytical; the papers of the International Trade Division are less so, putting more stress on the institutional and legal aspects of the world trading system. Both are important and, in this respect, the two Divisions complement each another. Some consideration should be given to how they could be more closely integrated.

C. Services Development and Trade Efficiency Division

3. This Division seems to be more practically oriented than other divisions in UNCTAD. Much of its work concerns technical assistance in helping developing countries with the practical problems associated with moving trade. The Division combines multimodal transport and trade facilitation. The idea is to combine trade facilitation, transport and related services, the better use of infrastructure and procedures and the introduction of the logistics concept in order to move trade more quickly and less expensively. The approach is to help developing countries with methods of total logistics, effective routes, reliable systems, proper documentation produced to international standards, and transit possibilities to assure efficient transportation and distribution. Software is used in trade facilitation systems and is integrated with the modernization of the transportation infrastructure. Technical assistance is provided for all phases of development of multimodal transport. For example, the TRAINMAR programme trains managers in training centres for marine management to conduct training courses. Another practical piece of software developed by the Division is MAST, an interactive database for trade in services. It contains information on measures, including laws and regulations, by country and by sector. While there is much emphasis on shipping, the Division is also concerned with the service sector in general. Examples of country case-studies on the service sector were submitted for Kenya, Benin and Burundi. While these were very good studies, the team wondered whether this kind of analysis might be more properly done by the Economic Commission for Africa. Insurance is singled out as a critical service sector for development. The team found the report Insurance in Developing Countries: An Assessment and Review of Developments (1989-1993) to be comprehensive in its review of the insurance industry by country. It includes problems and developments affecting all types of insurance. Another excellent paper that addresses the liberalization of shipping services is Progressive Liberalization and the Development of Shipping Services in Developing Countries.

D. Division for Economic Cooperation among Developing Countries and Special Programmes

4. The work in this Division, with the exception of the Poverty Alleviation Branch, seems to overlap with the other divisions of UNCTAD. Papers on South-South trade could probably be just as easily done by the International Trade Division. Likewise, money, financial and investment issues could be dealt with by the Global Interdependence Division. The Special Economic Unit for Palestinian People stands on its own, but its work could probably be transferred elsewhere in UNCTAD. Although the team found the work of the Poverty Alleviation Branch to be of good quality, it could be carried out within the scope of the Global Interdependence Division.

E. Global Interdependence Division

5. This Division is one of the two main bodies dealing with policy analysis in UNCTAD (the other being the Division for Transnational Corporations and Investment). Its main report, the Trade and Development Report, is widely circulated among developing countries, where it has broad influence on the consideration of developmental issues. It was introduced in 1981 as an "experiment" but has remained the flagship report of UNCTAD. Its predecessor, the Review of International Trade and Development, about half the size of the Trade and Development Report, was adequate to serve the purposes of the Trade and Development Board. From the perspective of quality and professionalism, the Trade and Development Report would rank among the top of similar annual reports produced by other United Nations organizations, although it maintains an independent point of view that has sometimes differed from the other reports. Among the other reports produced annually are the survey reports of the regional commissions, the World Economic and Social Survey of the Department for Economic and Social Information and Policy Analysis, the World Development Report of the World Bank, the Human Development Report of UNDP and the World Investment Report of the Division for Transnational Corporations and Investment. While each of these reports has a different focus, they do cover some policy issues. The question in regard to the Trade and Development Report is whether its contribution to policy debates is worth the extra resources required to produce a report of its size when a 24-page report would be sufficient for the purposes of the Trade and Development Board.

6. The team noted the existence of a "Conversion Branch" within the Division that supposedly deals with the conversion of military expenditure to civilian use. The team could not find any output produced by this Branch that could substantiate the nature of its work. Therefore, the relevancy of this activity could not be ascertained.

F. Division for Transnational Corporations and Investment

7. As mentioned above, this Division is one of the major research bodies of UNCTAD. The most important outlet for its work is the World Investment Report, which, for the past several years, has consistently received praise from the international media. In 1994, some 252 citations were counted in the media of 37 countries. During that year, the Division produced about 25 research and policy analysis papers on the subject of foreign direct investment alone. The Division also sponsors an academic journal entitled Transnational Corporations, which publishes research from universities, research institutions etc. The articles are of a high calibre and referred to by experts in the field. Research work is also disseminated in a newsletter, Transnationals. Furthermore, the Division maintains extensive corporate data banks and an information service that is available to researchers world wide. In this sense, it functions as a statistical office for world business information.

8. The difficulty that the team found with the research activities of the Division for Transnational Corporations and Investment is that sectoral studies can be too close to the mandates of other divisions. For example, there is a fine line between policy research and analysis at the firm level in the service

sector and the more general analysis of liberalization of the service sector that is mandated for the Division for Services Development and Trade Efficiency. Likewise, as mentioned above, the question of foreign direct investment is dealt with in both the Division for Transnational Corporations and Investment and the Global Interdependence Division.

G. Division for Science and Technology

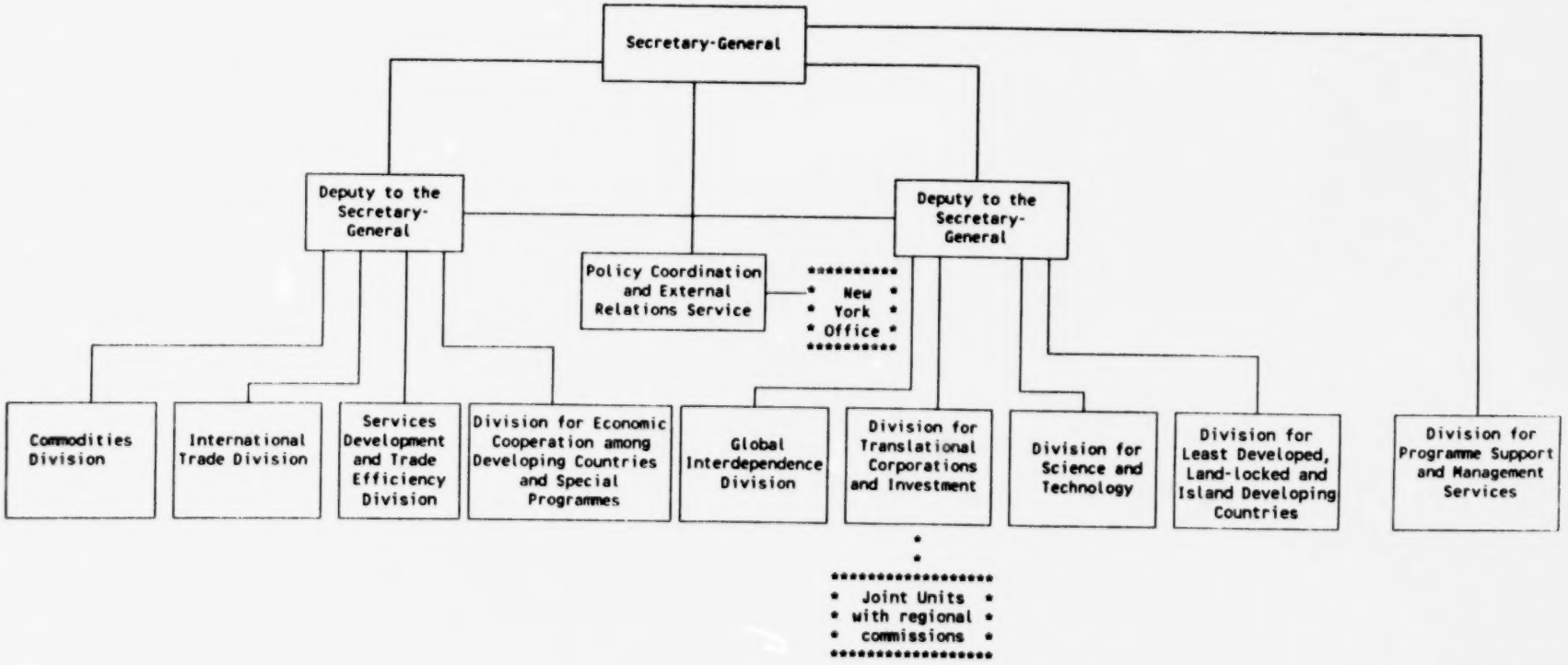
9. This is the only division of UNCTAD in which the team found no indication of independent policy analysis or research. One would expect that UNCTAD would have joined the important debate of the role of the endogenous capacity for the development of technology on growth, which is of concern to everyone trying to explain the development process. At the least, one would expect to see some empirical work being done in this area to test the hypothesis, or some research on appropriate technology for countries in various stages of development, which is important for the utilization of investment.

H. Division for Least Developed, Land-locked and Island Developing Countries

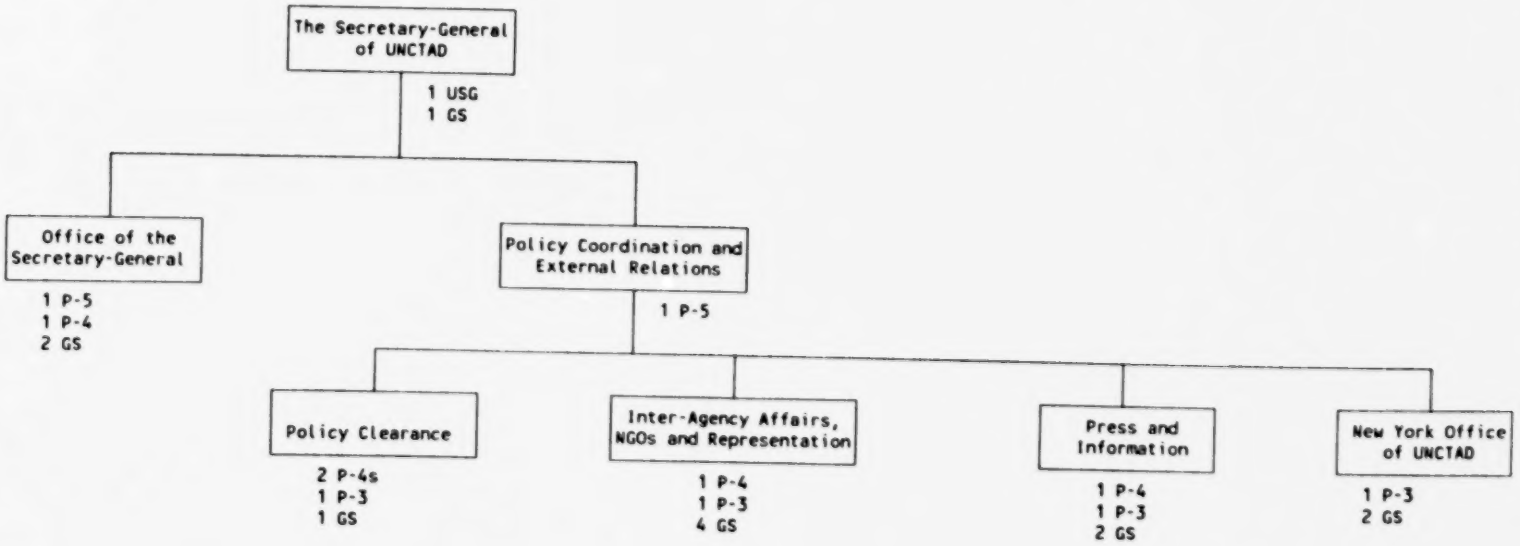
10. One of the three major reports of UNCTAD, The Least Developed Countries Report, is prepared in this Division. The team found the report to be thorough, covering the most pressing issues of the least developed countries, and supported by a reasonably up-to-date statistical annex. In some respects, the comments made about other divisions also apply here, that is, the sectoral analysis that is done for the least developed countries could be done in the divisions that specialize in those sectors. Furthermore, the team was apprised of the fact that the Director of the Division assumes other responsibilities outside UNCTAD, for which he devotes 75 per cent of his time. Therefore, the team believes that there might be a more optimal organizational arrangement, in which the problems of the least developed countries could be analysed without necessarily grouping them under one separate division.

APPENDIX II

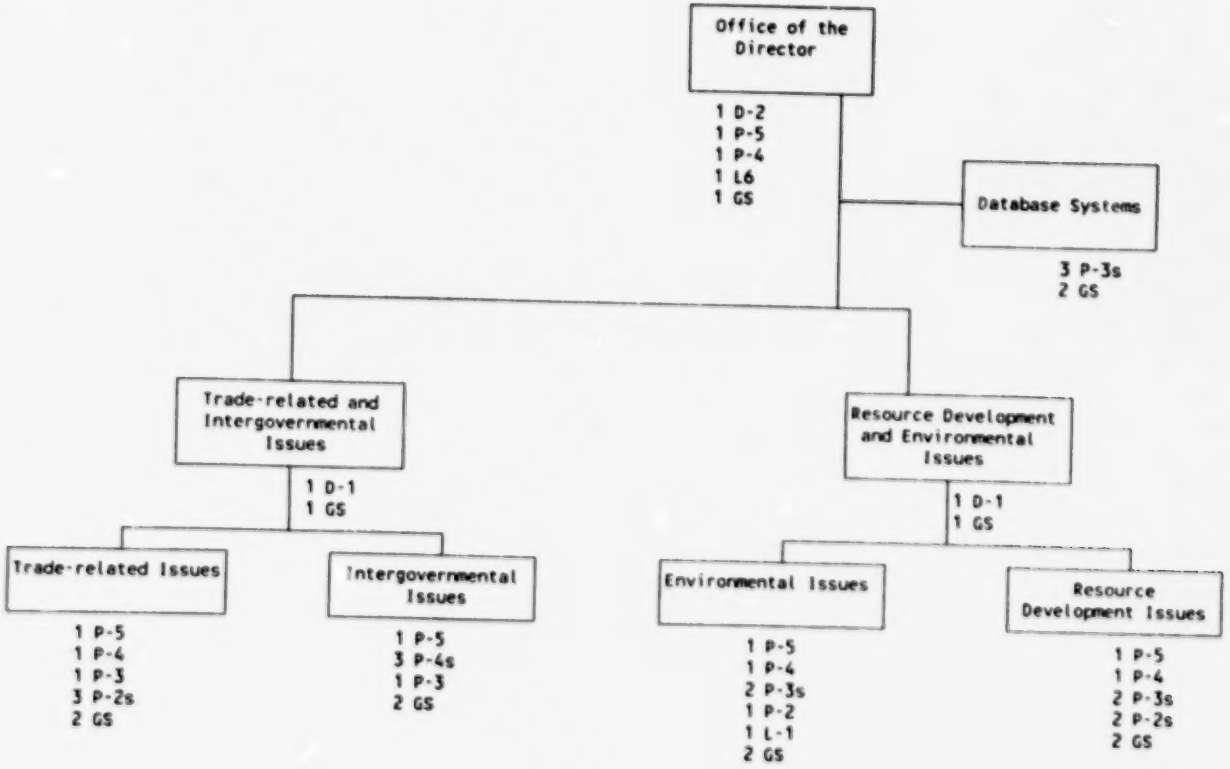
Organizational structure of the secretariat of the United Nations Conference on Trade and Development, as of March 1995


Secretary-General
Deputy to the Secretary-General
Deputy to the Secretary-General
Policy Coordination and External Relations Service
New York Office
Commodities Division
International Trade Division
Services Development and Trade Efficiency Division
Division for Economic Cooperation among Developing Countries and Special Programmes
Global Interdependence Division
Division for Translational Corporations and Investment
Division for Science and Technology
Division for Least Developed, Land-locked and Island Developing Countries
Division for Programme Support and Management Services
Joint Units with regional commissions

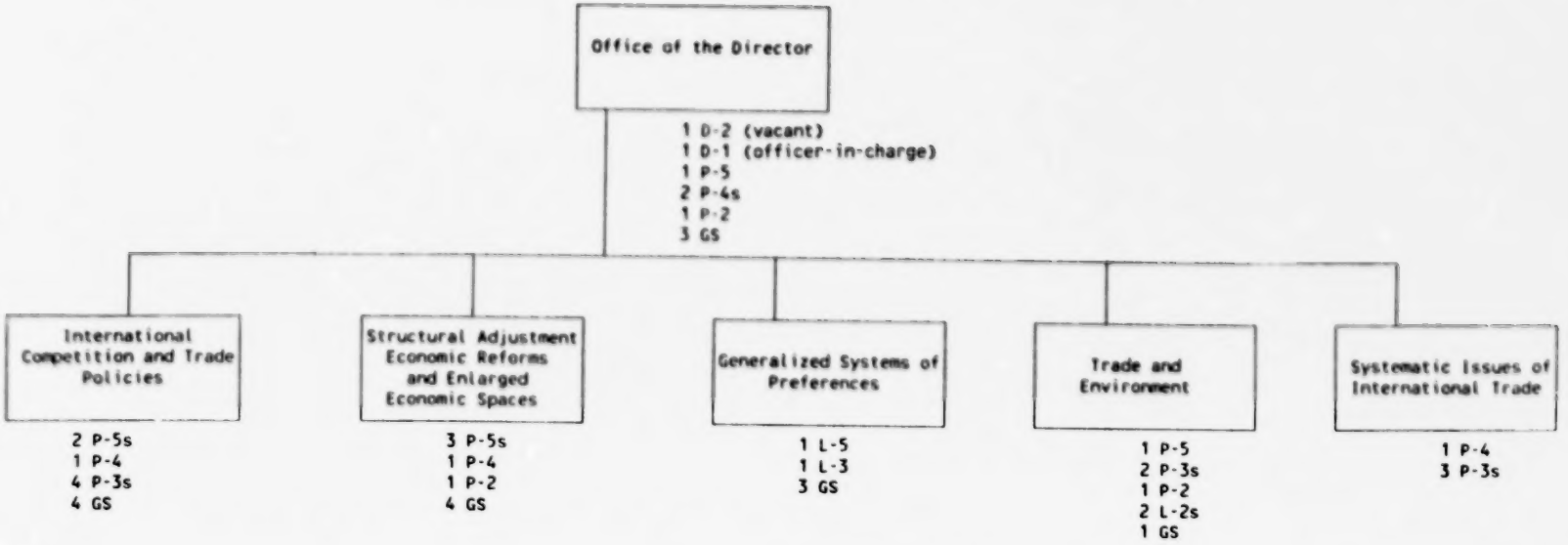
Executive Direction and Management



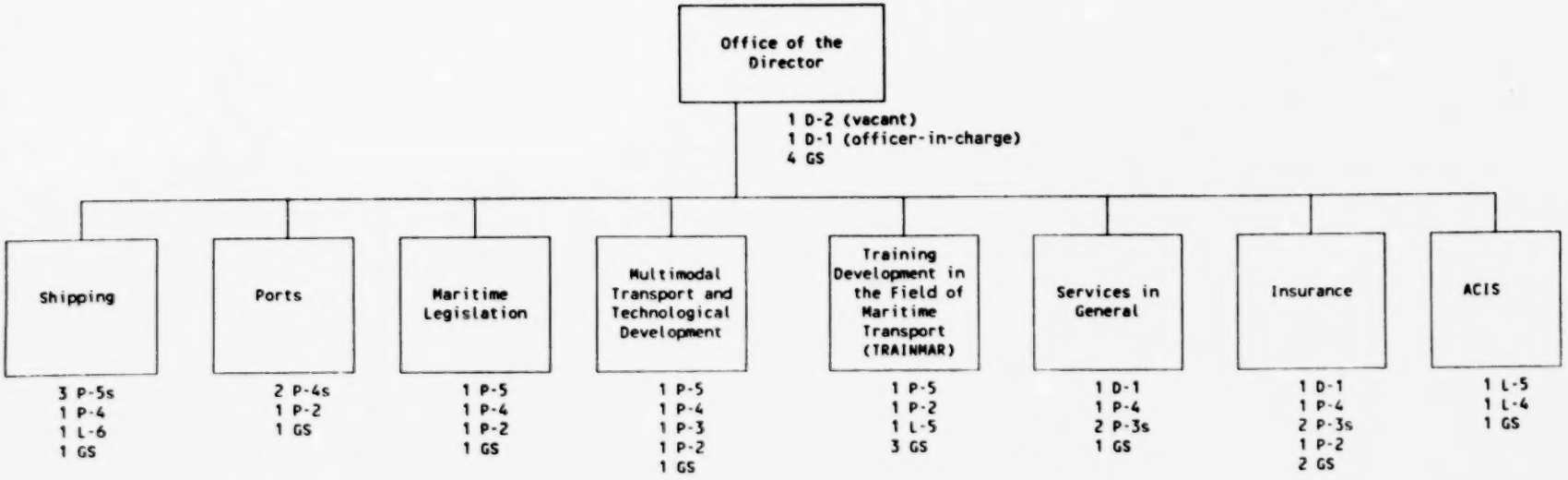
Commodities Division



International Trade Division



Services Development and Trade Efficiency Division*



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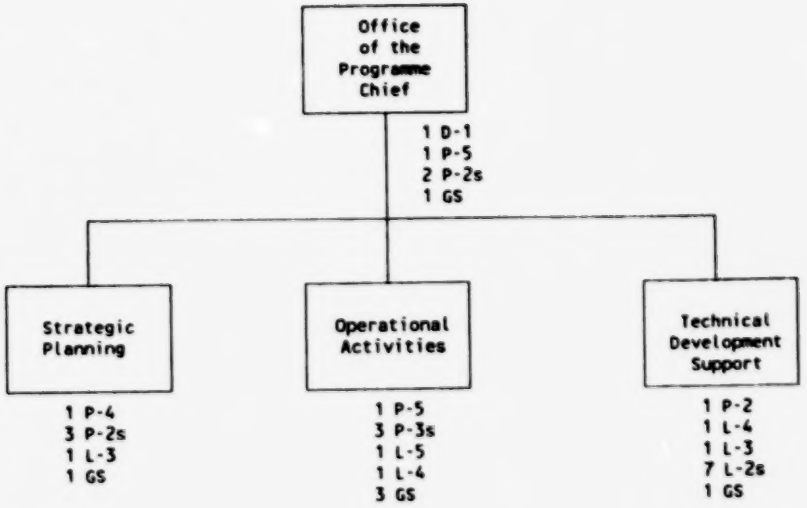
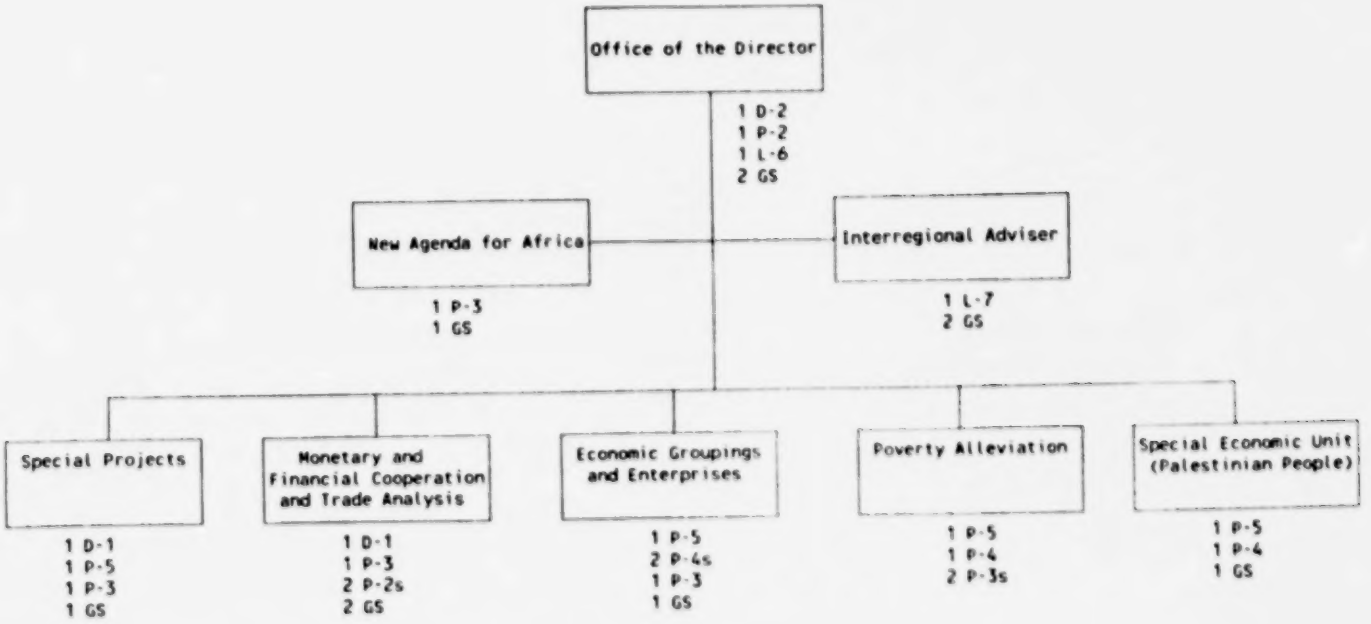
* During the preparation for and follow-up to the International Symposium on Trade Efficiency, the Special Programme on Trade Efficiency reported directly to the Secretary-General of UNCTAD.

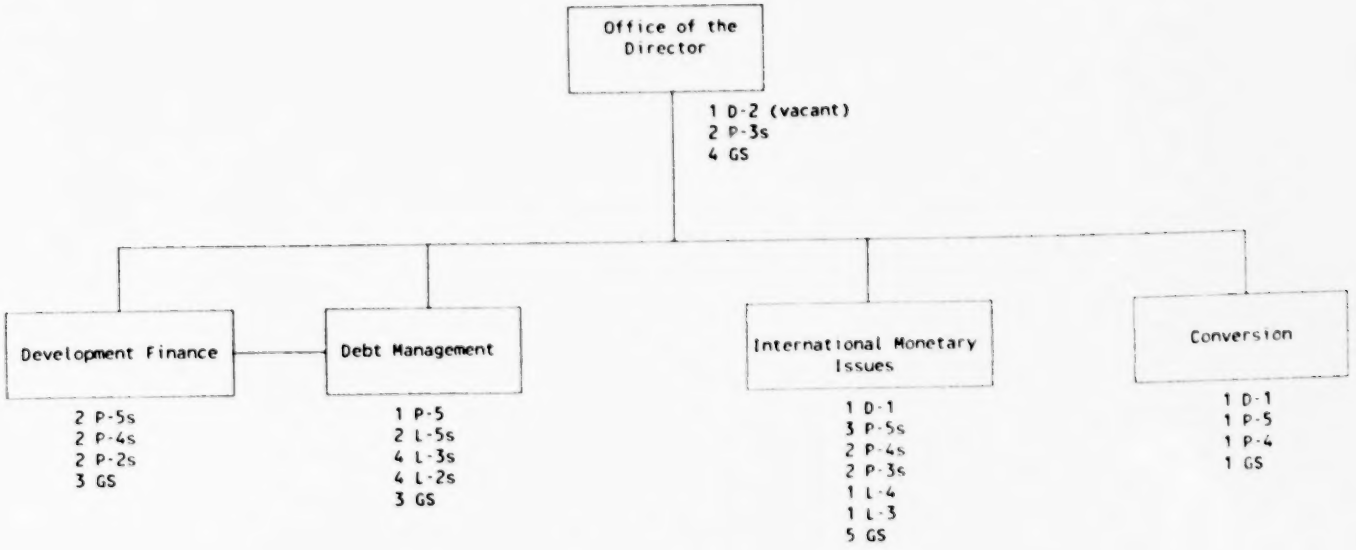
Special Programme on Trade Efficiency



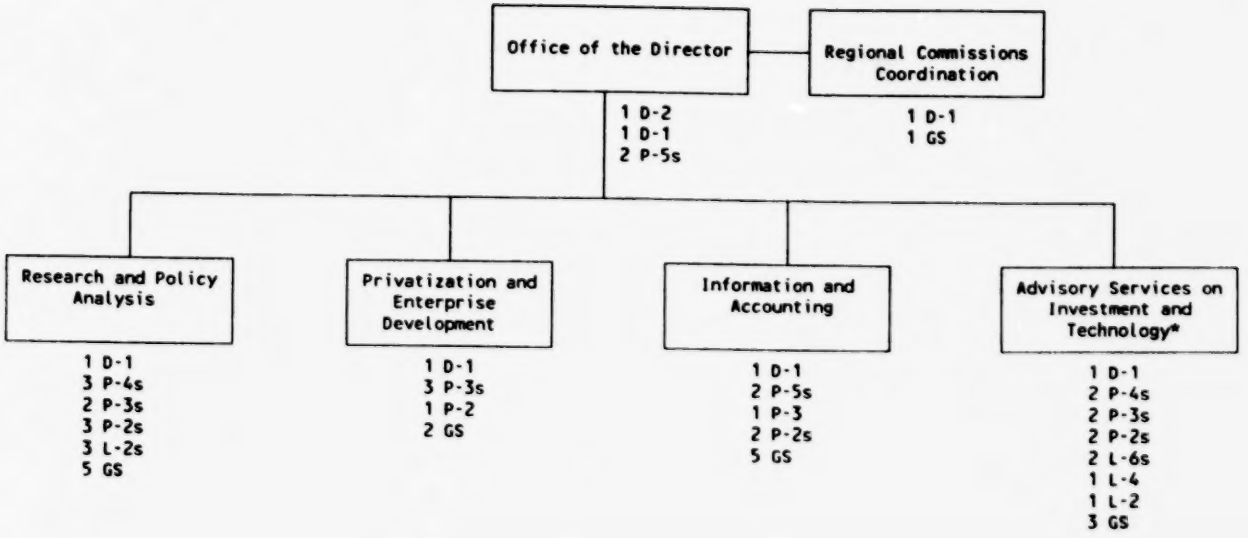
Division for Economic Cooperation among Developing Countries and Special Programmes



Global Interdependence Division



Division for Transnational Corporations and Investment



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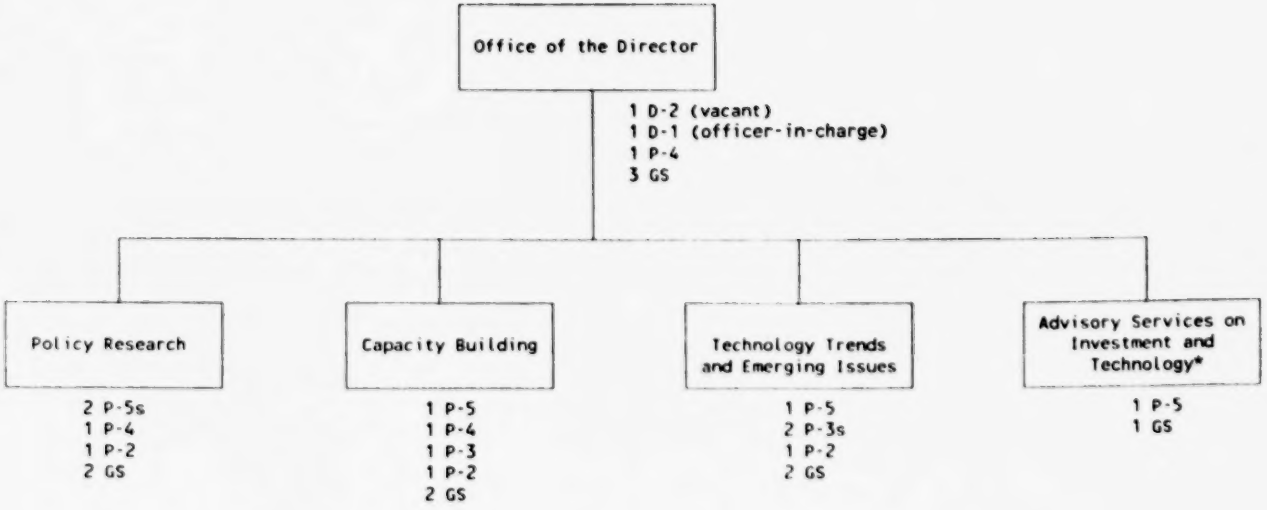
* Joint organizational entity between the Division for Transnational Corporations and Investment and the Division for Science and Technology.

Division for Science and Technology



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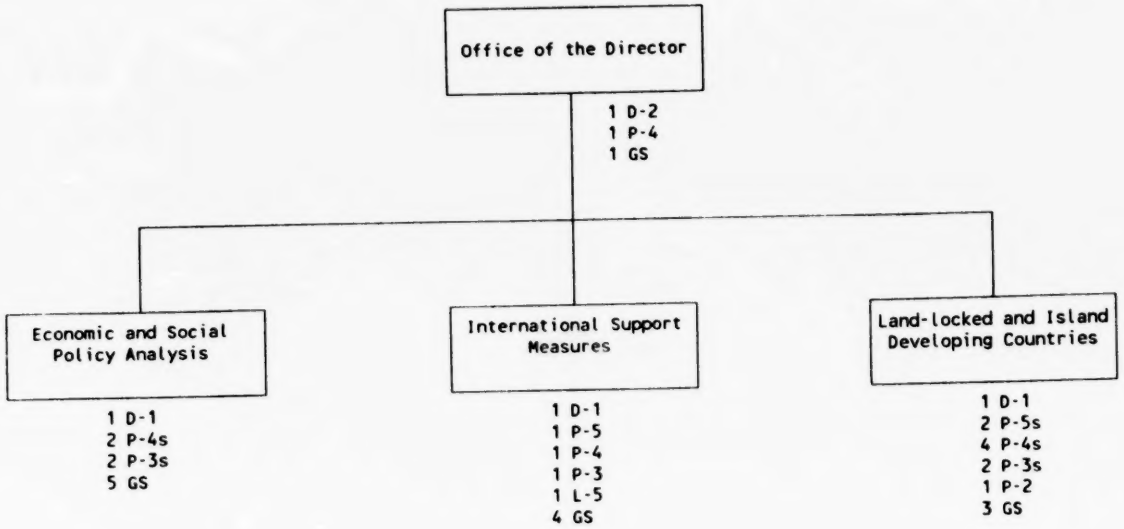
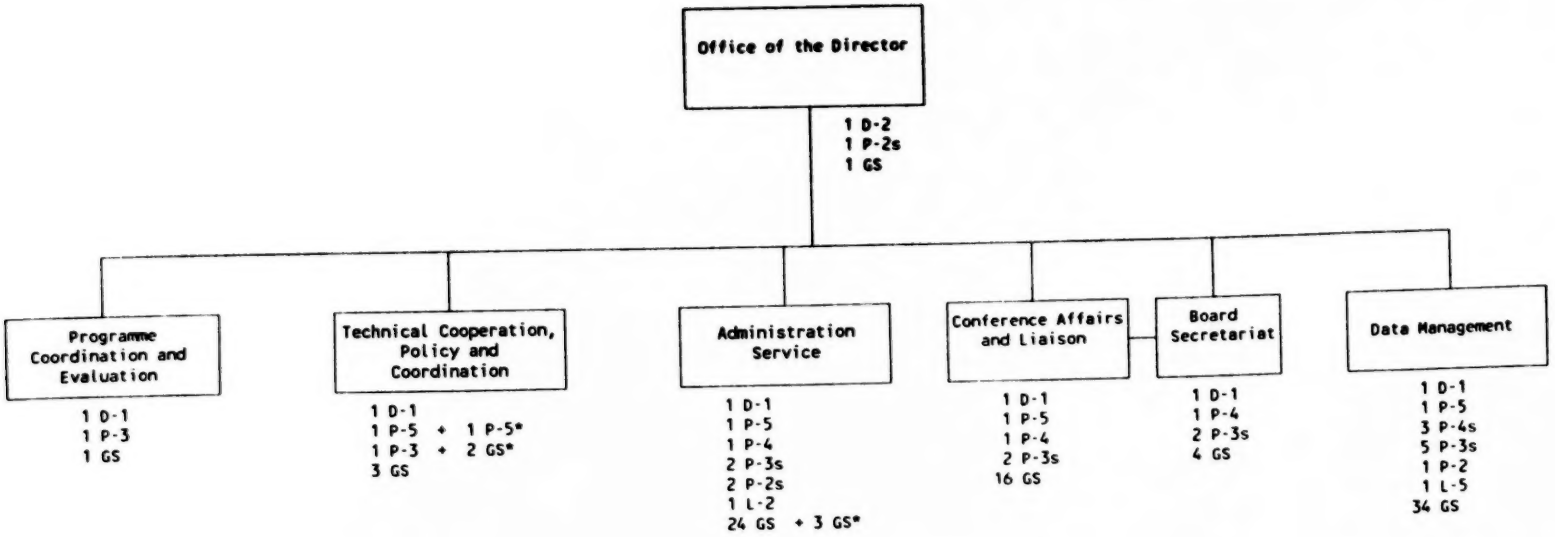
* Joint organizational entity between the Division for Transnational Corporations and Investment and the Division for Science and Technology.

Division for Least Developed, Land-locked and Island Developing Countries



Division for Programme Support and Management Services



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* Joint organizational entity between Administration Service and Technical Cooperation, Policy and Coordination.

Note: The above staffing table does not include 1 P-5 post on loan to the United Nations Office at Geneva, Integrated Management Information System (IMIS) and 3 GS posts on loan to the Library.